

## THE URBAN DEVELOPMENT IMAGINATION AND *REALPOLITIK*

By Warren Smit, *Development Action Group*

(Revised version of paper published in *Development Update* 5(1), pp 53-80)

### **Abstract**

The paper investigates post-apartheid urban development policies and strategies in South Africa. Firstly, the main South African urban development discourses, as captured in urban development policies, are reviewed. The urban development strategies of the City of Johannesburg, City of Cape Town and eThekweni Municipality (Durban) are then examined. The implementation of these strategies has not lived up to the intentions of urban development policy objectives, mainly because of the way decisions are made in practice (*realpolitik*). Examples of *realpolitik* at macro-policy, city strategy and local project scale demonstrate how crucial decisions are often made outside the realm of democratic and accountable decision making processes, and are frequently based on technical and operational reasons rather than political mandates. In addition, the major challenges facing South African cities during the early and mid 1990s, when the urban development policy framework was largely put in place, have changed. New, and often unacknowledged, challenges facing South African cities include increasing informalisation, growing social polarisation and the economic effects of globalisation. In order to ensure that the objectives of urban development policies can be achieved, there needs to be a more integrated and coherent approach towards dealing with poverty and inequality, and participatory democracy needs to be promoted so that the voices of the poor and vulnerable can be heard at all levels of decision making.

## **Introduction**

This paper investigates post-apartheid urban development policies and strategies, based on a review of the Integrated Development Plans (IDPs) of three cities and consultations with a variety of informants in national government, local government and civil society.

The paper is structured in three parts. South African urban development discourses and the urban development policy context are reviewed in the first part. The second section considers the practical manifestations of urban development policies. This part of the paper centres on a discussion of the perceptions of, and responses to, urban development challenges confronted by the City of Johannesburg, the City of Cape Town and eThekweni Municipality (Durban). The final section provides insights into the mechanics of decision-making disaggregated at macro, city and project level.

The main conclusions of the paper are that there is a disjuncture between the intentions and implementation of urban development policies as a result of the way in which decisions are made in reality (*realpolitik*), coupled with the changing nature of the challenges facing cities in South Africa. The major challenges facing South African cities during the early and mid-1990s, when urban development theories were debated and subsequently crafted into policy, have been supplemented by growing challenges such as HIV/AIDS and crime, and have been deepened by a range of new underlying challenges, including increasing informalisation, growing social polarisation and the economic effects of globalisation. In order to ensure that the objectives of urban development policies can be achieved, a more integrated and coherent approach towards dealing with poverty and inequality is required, and participatory democracy is essential in order to ensure that the real needs of people are met.

## **The urban development imagination and the urban development policy context**

The 1980s was a period of crisis for South African cities, with rapidly growing informal settlements, increased social mobilisation, rent boycotts, and the collapse of Black Local Authorities. After 1990, South Africa went through a transition period during which the groundwork for policy-making was laid. The main challenges confronting cities that influenced policy thinking at the time – and which to a large extent still continue to do so - included overcoming the spatial and social segregation of apartheid; poverty alleviation; increasing economic growth and job creation; and building a democratic political culture and inclusive democracy.

There were numerous debates and proposals as to the appropriate strategies for dealing with these urban challenges. These were based on a variety of sources, such as international examples, analyses of the situation in South Africa at the time, and home-grown utopian dreaming. Notable examples of ‘urban problem’ analysis and post-apartheid urban development imagining included *South African Cities: A Manifesto for Change* (1991); *Apartheid City in Transition* (1991); *The Apartheid City and Beyond: Urbanization and Social Change in South Africa* (1992); and a series of Urban Foundation publications looking at the future of cities.

Many of the urban development ideas current during the transition period were very influential within the relatively inclusive policy-making processes of the time, and were incorporated into the urban development policies of the first democratic government after 1994. The first comprehensive post-apartheid policy statement on urban development was the Urban Development Strategy (1995), which re-surfaced in 1997 in the guise of the Urban Development Framework (UDF).

The main urban development discourses of the transition period, as reflected in the four key programmes of the UDF can be divided into three broad categories:

- **Spatial Restructuring:** Key discourses included the 'compact city' (combating low density urban sprawl); the 'integrated city' (redressing apartheid-inspired spatial fragmentation and segregation); and the 'accessible city' (densification and more effective public transportation);
- **Social and Economic Development:** Although not as clearly articulated as the spatial development discourses, key concepts (from a range of conflicting paradigms) included the 'competitive city', the 'prosperous city', the 'safe city' and the 'equitable city'. The second key programme of the UDF involved the improvement of housing and infrastructure, 'social development, building habitable and safe communities, maintaining safety and security and designing habitable urban communities' (Department of Housing, 1997: xi). The third key programme was to 'to enhance the capacity of urban areas to build on local strengths to generate greater local economic activity, to achieve sustainability, to alleviate urban poverty, to increase access to informal economic opportunities and to maximize the direct employment opportunities and the multiplier effects from implementing development programmes' (Department of Housing, 1997: xi).
- **Institutional Restructuring:** Key discourses, largely based on experiences of developed countries, included the 'efficient city', the 'smart city' and the 'inclusive city'. The fourth key programme of the UDF was 'significant transformation and capacity building of government at all levels and clarity on the roles and responsibilities of the different government spheres' (Department of Housing, 1997: xi). The UDF also identified the first priority for urban development as the establishment of 'critical new relationships and patterns of engagement between the

newly elected local governments and civil society' (Department of Housing, 1997: 11).

The discourse on spatial restructuring was quite specific to South Africa, although strongly influenced by international trends in spatial planning, as South Africa is commonly, yet erroneously, perceived to have cities with unique spatial patterns. On the other hand, economic and social development and institutional restructuring discourses were heavily influenced by international experiences repackaged for local consumption by organisations as diverse as the private sector's Urban Foundation, and its successor, the Centre for Development and Enterprise (CDE), to non-governmental organisations affiliated to the Urban Sector Network (USN).

### *Spatial restructuring*

The restructuring of the apartheid city, through the spatial integration of segregated areas, is a key urban development goal for a variety of reasons:

*The spatial integration of our settlements... will enhance economic efficiency, facilitate the provision of affordable services, reduce the costs households incur through commuting, and enable social development. Spatial integration is also central to nation building, to addressing the locational disadvantages which apartheid imposed on the black population, and to building an integrated society and nation (RSA, 1998: 24).*

The ideas of Dewar and Uytenbogaardt (1991) on the compact city and spatial integration, such as the promotion of higher density 'activity spines' and pedestrian-friendly planning layouts, significantly influenced spatial development policies. The Chapter One Principles of the Development Facilitation Act (DFA) (1995) and the *Guidelines for the Planning and*

*Design of Human Settlements* (2000) incorporate many of the concepts that they promoted.

The discourse about the restructuring of the apartheid city coincided with, and was informed by, 'new' international trends in urban planning thought. In very much the same way that dominant urban planning trends complemented apartheid in the 1950s to 1970s (segregated neighbourhood units and new towns, the separation of residential and non-residential land uses, emphasis on planning for the private motor car), the dominant global urban planning trends of the 1990s complemented post-apartheid urban reconstruction ideas (the compact city, mixed land uses, emphasis on planning for pedestrians and public transport).

The DFA (1995) was the first policy document to explicitly address spatial restructuring of apartheid cities. The spatial development principles in the DFA aimed to:

- Discourage 'urban sprawl' and contribute to the development of more compact towns and cities;
- Contribute to the correction of historically distorted spatial patterns of settlement;
- Optimise the use of existing resources, including bulk infrastructure, transportation and social facilities;
- Promote the availability of residential and employment opportunities in close proximity to or integrated with each other.

The housing programme of the new government, largely based on the deliberations of the National Housing Forum in the early 1990s, was generally seen as the key tool for restructuring South African cities. In the 1997 Housing Act (Section 2(1)(j)) there is a

commitment that government will 'observe and adhere to the principles in Chapter One of the Development Facilitation Act'.

### *Social and economic development*

The key discourse on urban economic development was one of local economic development (LED). LED is premised on the idea that

*local mobilization of actors and resources, building a convergence of interest around the competitive advantages of localities and building the capacity for economic actors to take up economic opportunities may arrest the damaging effects, and enable exploitation of the opportunities, created by new market conditions (Hindson, 2003).*

The two key strands of LED are private sector-aimed marketing and investment promotion and community-based local level initiatives aimed at poverty alleviation.

LED was especially promoted by the Urban Foundation, based on international examples of urban development corporations and public-private-partnerships. Linkages between LED and anti-poverty strategies emerged later on in the policy agenda (see, for example, Pieterse, 1998). It was argued that local government needed to assert itself in local economic development as businesses were seen to be more interested in economic growth than in job creation or poverty reduction. Taking up these ideas, the role of government in LED and poverty alleviation was incorporated into the White Paper on Local Government (1998). More recently, the Department of Provincial and Local Government has shifted even more towards poverty alleviation with the policy document *Refocusing Development on the Poor* (2002).

Simultaneously, the Department of Trade and Industry (DTI) promoted economic growth and job creation at a local level through 'market-orientated programmes that take as their

point of departure the need to engage with global market forces through the creation of national and local comparative advantage' (Hindson, 2003). This approach initially focused on the promotion of zones of high potential, such as Industrial Development Zones (IDZs). There has subsequently been a shift towards a Micro-Economic Reform Strategy, as revealed in the DTI's policy document entitled *Accelerating Growth and Development: The Contribution of an Integrated Manufacturing Strategy* (2001), which emphasises the importance of integrated interventions by different government and private sector actors across and within economic sectors and clusters. On balance, the policies of the DTI are more compatible with the investment promotion approach to LED rather than the poverty alleviation focus of the Department of Provincial and Local Government.

#### *Institutional restructuring*

The overriding discourse on the restructuring of post-apartheid local government revolved largely around the issue of 'metropolitan' or 'megacity' governments, and their possible contribution to greater integration and spatial reallocation of resources (e.g. Todes and Watson, 1985). Driven by the '*One City, One Tax Base*' campaign, metropolitan government was perceived as pivotal to urban transformation and reconstruction. After a period of experimentation with two-tier metropolitan government (from 1995 to 2000), there was eventually a switch to the megacity model.

At the same time as the policy debates around local government structuring were being waged, the Urban Foundation was promoting public-private partnerships based on international experiences, and its successor organisation, CDE, continues to promote the privatisation and outsourcing of municipal service delivery inspired by international examples (CDE, 2003). The Municipal Infrastructure Investment Framework (MIIF), and subsequently the Municipal Systems Act (2000), promoted the idea that extension and improvement of service delivery, in the context of large backlogs relative to municipal

capacity, required municipalities to enter into partnerships. Municipal service partnerships (MSPs) can assume many forms - public-private, public-public and public-community partnerships - but in practice the emphasis has been on public-private partnerships (PPPs).

Partially contradictory to the promotion of privatisation, the Constitution (1996), the Local Government Transition Act (1996) and the White Paper on Local Government (1998) introduced notions of 'developmental local government'. Developmental local government is 'local government committed to working with citizens and groups within the community to find sustainable ways to meet their social, economic and material needs and improve the quality of their lives' (RSA, 1998: 17). The key characteristic of developmental local government is maximising social development and economic growth:

*The powers and functions of local government should be exercised in a way that has a maximum impact on the social development of communities - in particular meeting the basic needs of the poor - and on the growth of the local economy (RSA, 1998: 18).*

The provision of basic household infrastructure is seen as the central contribution made by local government to social and economic development. Other possibilities include: the provision of support services such as training to small businesses or community development organisations, the provision of recreational and community facilities, and the delivery of aspects of social welfare services, such as child care facilities (RSA, 1998: 18). The White Paper lists the four main desired outcomes of developmental local government as the provision of household infrastructure and services; the creation of liveable, integrated cities, towns and rural areas; local economic development; and community empowerment and redistribution.

On the other hand, however, Section G of the White Paper on Local Government has an emphasis on financial sustainability of municipalities and cost recovery for service delivery (although with national government support for dealing with service backlogs and for the subsidisation of services for indigent people) and the promotion of investment in municipal infrastructure through PPPs.

In order to facilitate a developmental approach to local government, integrated development plans (IDPs) were introduced as the primary vehicle for municipalities to plan in a co-ordinated and holistic manner, and as the structuring frame for community participation in local government decision-making. After some initial problems with the implementation of IDP processes, which were often consultant-driven and ignored in practice, the Municipal Systems Act (2000) finalised the procedures for integrated development planning. Although the preparation and implementation of IDPs have been improving, there is still a long way to go - a study found that only 37% of municipalities have the capacity to prepare effective IDPs (Junge, 2005).

## **Section Two: Three cities**

Since the casting of the key urban development discourses into concrete policies in the mid-1990s, the challenges faced by cities have multiplied and intensified. Crime, HIV/AIDS and the changing structure of city economies (shaped by global economic forces), none of which were high on the policy agenda during the transition period, have deepened the complexity of existing challenges and amplified the weaknesses of urban development policies and strategies.

A decade after the first democratic election, South African cities are starting to increasingly resemble those in other middle income, highly unequal, and highly urbanised societies, such as Latin American cities. The common characteristics of cities here and in Latin America include land invasions; accelerated informalisation; rapid urbanisation; political protests over service provision; a high proportion of residents residing in overcrowded, unsatisfactory housing conditions; declining State capacity; and the increasing importance of market forces (Gilbert & Crankshaw, 1999). The Cape Town 2004/2005 IDP eloquently captures the resulting appearance of the urban landscape: 'homeless people living in cardboard shelters, six-star hotel developments, children playing near a rubbish dump in an informal settlement, exclusive gated developments in leafy suburbs – Cape Town today starkly mirrors a worldwide pattern of increasing affluence in certain regions of the city and growing poverty and social exclusion in others' (City of Cape Town, 2004: 9).

The three largest cities in South Africa, namely Johannesburg, Cape Town and Durban (eThekweni), are briefly profiled below with a view to understanding how urban development issues are being perceived and addressed by their respective municipalities. All three cities are similar in population size, with approximately 3 million people each. Johannesburg and Cape Town have large and expanding economies, while Durban has a

smaller economy that is shrinking as proportion of the overall South African economy (see Table 1).

*Table 1: The population and economy of the three cities*

	Johannesburg		Cape Town		Durban	
	1996	2001	1996	2001	1996	2001
Population	2.6 million	3.2 million	2.6 million	2.9 million	2.8 million	3.1 million
GDP as percentage of total GDP	14.2%	15.0%	12.8%	14.0%	8.1%	7.7%

Sources: Department of Housing/CSIR, 2001; Naude & Krugell, 2002, cited in SALGRC, 2002; Statistics South Africa, 2003

Although social and political conditions differ in the three cities, the challenges they face, and their responses, are remarkably similar. The integrated development plans of the three cities identify the following as their common challenges: spatial inefficiency; housing and services backlog; unemployment and a skills mismatch; crime; and HIV/AIDS.

#### *Spatial inefficiency*

Johannesburg, Cape Town and Durban have fundamentally similar spatial structures, with the majority of poor residents living in badly located dormitory suburbs. Apartheid was efficiently implemented in all three cities, with large-scale forced removals and development of racially segregated townships, and apart from a few areas, notably the Johannesburg inner city, this is still largely the pattern today.

The spatial structure of South African cities is undergoing dramatic changes. All three cities have developed multi-nodal structures, especially Johannesburg, where there has been a rapid withdrawal of business from the central business district (CBD) to locations north of the city. Decentralisation and deconcentration has not necessarily rendered access to economic opportunities any easier for the poor as public transport routes continue to link peripheral dormitory suburbs to the traditional CBDs rather than to areas of new economic growth. One notable example of the continuing spatial disjuncture between

new job opportunities and low-income suburbia is the Gauteng provincial government's 10 'mega-projects' undertaken as part of its 'Blue IQ' strategy, which are concentrated in the north of Johannesburg whereas the majority of the low-income population live south of the CBD.

These inequitable and inefficient spatial patterns are increasingly being portrayed as economically inefficient. Public transport inefficiencies in Durban, for example, include average trip lengths of 20 km and average travel times of 48 minutes for commuters, and annual transport subsidies of R400 million (eThekweni Municipality, 2003). One of the key challenges identified by the City of Johannesburg is that 'the actual city form of Johannesburg undermines all the micro-economic principles of economies of urbanisation and localisation' (City of Johannesburg, 2005). The City of Cape Town 2004/2005 IDP notes that 'existing spatial inefficiencies have... been reinforced as investment has taken place in areas that are not situated along existing public transport routes' (City of Cape Town, 2004: 12).

#### *Housing and services backlog*

There is a large, and growing, backlog of households without access to secure tenure, adequate shelter and basic services in all three cities (see Table 2). For example, in Johannesburg, the number of households without formal shelter increased by 42% between 1996 and 2001 and the number of households without on-site water supply increased by 59%. For all three cities, the increase in the numbers of households without formal shelter or on-site water supply outstripped the actual growth in the number of households between 1996 and 2001, which was 38% for Johannesburg, 17% for Cape Town and 22% for Durban (SACN, 2004). There are enormous environmental health risks associated with poor access to adequate water and sanitation and shelter from the

elements, not to mention the dangers of fires, floods and landslides for informal settlements.

*Table 2: Numbers of households without formal shelter or on-site water supply*

Employment status	Johannesburg		Cape Town		Durban	
	1996	2001	1996	2001	1996	2001
No. of households without formal shelter	156 000	212 000	125 000	143 000	140 000	150 000
Percentage change 1996-2001	+42%		+24%		+13%	
No. of households without on-site water supply	98 000	156 000	66 000	118 000	187 000	238 000
Percentage change 1996-2001	+59%		+79%		+28%	

Source: SACN, 2004

### *Unemployment and the skills mismatch*

All three cities face increasing unemployment. This is due to rates of job creation being less than population growth and the changing nature of urban economies resulting in a severe mismatch between the demand for, and the supply of, skills in the labour market.

During the period 1991 to 2001, the economies of Johannesburg, Cape Town and Durban grew at an average of 2 per cent, 2.6 per cent and 1.8 per cent respectively, compared to the national average of 1.8 per cent (City of Johannesburg, 2003; City of Cape Town, 2003a; eThekweni Municipality, 2003). In all cases, however, growth in formal sector jobs was exceeded by population growth. For example, the number of jobs in Johannesburg grew by only 1.3 per cent per year, compared to annual population growth of 1.7 per cent (City of Johannesburg, 2003). In Durban, there was a net loss of 1.5 per cent of jobs per year since 1997 or 40 000 jobs in total (eThekweni Municipality, 2004). Even in Cape Town, which had the fastest growing economy, between 1991 and 2001, the labour force grew at an annual average of 35 000 people per year, but only an average of 20 000 new jobs were created each year (City of Cape Town, 2002, 2003a). As result, between 1996

and 2001, unemployment rate increased from 29 per cent to 37 per cent in Johannesburg; 20 per cent to 29 per cent in Cape Town; and 32 per cent to 43 per cent in Durban (SACN, 2004). An example of what this means in practice is that in Johannesburg the number of households without any form of regular income at all quadrupled from 50 000 to 200 000 between 1996 and 2001 (City of Johannesburg, 2004).

*Table 3: Proportional breakdown of employment status of economically active population*

Employment status	Johannesburg		Cape Town		Durban	
	1996	2001	1996	2001	1996	2001
Employed	70.9%	62.7%	80.5%	70.8%	67.6%	57.0%
Unemployed	29.2%	37.4%	19.6%	29.2%	32.4%	43.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: SACN, 2004

Over and above this slow rate of growth in formal sector jobs, the nature of the jobs being created is also changing. Urban economies are rapidly transforming in response to changing global market conditions. In all cities, the manufacturing and trade sectors – historically important economic dynamos - are declining in importance, while the financial and business services sector is growing rapidly, and is now by far the largest economic sector in both Johannesburg and Cape Town (forming approximately a third of the Gross Geographic Product (GGP)).

*Table 4: Proportional contribution of economic sector to total GGP*

Economic Sector	Johannesburg		Cape Town		Durban	
	1990	2000	1990	2000	1990	2000
Manufacturing	16.9%	15.3%	19.3%	17.7%	29.1%	27.4%
Trade	19.2%	16.4%	18.3%	15.5%	16.0%	13.6%
Transport	7.2%	10.7%	8.8%	11.2%	11.2%	13.1%
Financial/ business services	30.9%	34.9%	26.4%	33.2%	16.9%	18.2%
Community/ personal services	18.7%	16.9%	21.5%	18.0%	20.3%	20.6%
Other	7.1%	5.8%	5.7%	4.4%	6.5%	7.1%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: own calculations, based on Department of Housing/CSIR, 2002

The fastest growing industries, such as telecommunications, information technology and financial services, usually require highly skilled employees, but there is a severe shortage of appropriately skilled workers to service the labour needs of these sectors. In Johannesburg, for example, which claims to have the most skilled labour force in the country, 26 per cent of adults are defined as functionally illiterate (education below Grade 8). As a result, 76 per cent of employers in Johannesburg report a lack of appropriately skilled staff (City of Johannesburg, 2003). The low skills level is identified in Johannesburg's 2030 strategy, along with crime, as one of the two main obstacles to economic growth. Similarly, in Cape Town, the demand for skilled workers is growing by 20 000 per year compared to a growth in demand of only 4 000 per year for unskilled workers, whereas more than 60% of adults in Cape Town do not have a matric qualification (City of Cape Town, 2003a; City of Cape Town, 2004).

### *Crime*

Crime is a pervasive issue with multiple social and economic impacts. South Africa has a particularly high crime rate: for example, Cape Town's murder rate increased from 78.5 per 10 000 people per year in 2000 to 88 per 10 000 people per year in 2002, which is almost 10 times higher than the international average of 9 per 100 000 people per year (City of Cape Town, 2004; *Cape Argus*, 13 November 2003). Not everybody is affected by crime in the same way, however. Generally, violent crime is more prevalent in poorer areas while property crime more common in more affluent areas. For example, in Cape Town, the violent crime rate in Khayelitsha is double that of Rondebosch, but the property crime rate is 16 times less than that in Rondebosch (City of Cape Town, 2002).

The Mayor of Cape Town's Listening Campaign in 2003 identified crime as the highest priority issue (City of Cape Town, 2003a). Similarly, residents of suburbs, townships and informal settlements in Durban all identified crime as the highest priority challenge

(eThekweni Municipality, 2004). Seventy percent of firms in Johannesburg regard crime as a major obstacle to economic growth (City of Johannesburg, 2003). Apart from its economic impact, crime is also the main reason fuelling the growth of fortress-like gated communities, shopping malls and office parks, further contributing to the fragmented and segregated nature of South African cities.

### *HIV/AIDS*

HIV/AIDS is resulting in both slower population and economic growth, and increased poverty and vulnerability. In Durban, the city with the highest infection rate, it is estimated that 1.6 million people will be affected by HIV/AIDS by 2010 and that, as a result of the impact of AIDS deaths, the population of Durban in 2020 will be more or less the same as it is now (eThekweni Municipality, 2003). Even in Cape Town, the least affected city, HIV/AIDS was identified as the highest priority in the 2002/2003 IDP. It is noted in the 2004/2005 IDP that the full social impact of HIV/AIDS is yet to be felt, as 80% of infected people are still in the asymptomatic phase (City of Cape Town, 2004). The impacts on municipalities will be numerous: lower household incomes and the financial impact of burials will reduce municipal revenue from rates and service charges; AIDS deaths will further reduce the availability of skilled personnel; there will be increased demands on municipalities to provide support to AIDS orphans and other affected people; and, more funds will be required for the provision of cemeteries and subsidising the burial of the poor.

### **The responses**

All three cities have responded to the challenges in remarkably similar ways. The key components of their strategies are economic development, safety and security, urban renewal, spatial planning, housing strategies and institutional restructuring. Johannesburg and Durban seem to have more coherent long-term strategies than Cape Town due to their greater political stability. The City of Johannesburg has been the most proactive of

the three municipalities in undertaking organisational restructuring, while the City of Cape Town, by comparison, was still, in 2005, engaged in rationalizing the seven different administrations inherited from the previous local government dispensation.

The City of Johannesburg's mayoral priorities for 2003/2004 and the City of Cape Town's priorities for 2002/2003, which are very similar, can be regarded as representative of the typical elements of current urban development strategies. Apart from HIV/AIDS, where the interventions are fairly straightforward (such as education and the provision of antiretroviral drugs), the main components of these strategies are:

- Economic development: black economic empowerment (BEE), skills training for small, medium and micro-enterprises (SMMEs), markets for informal traders, tourism marketing, poverty alleviation (indigent policies and lifeline tariffs);
- Safety and security: closed-circuit television (CCTV) cameras, metropolitan police departments, 'zero tolerance' policing;
- Urban renewal: regenerating decaying inner city or township areas;
- Housing: reducing the housing backlog and upgrading informal settlements;
- Spatial planning: preventing urban sprawl and promoting densification;
- Institutional restructuring: public participation, privatisation and outsourcing, stamping out corruption, service delivery excellence, 'customer care'.

### *Economic development*

The focus of economic development strategies is on marketing; creating a business-friendly environment; tourism; and, catalytic 'flagship projects'. Similar to the DTI's LED initiatives, investment promotion strategies feature more prominently than poverty alleviation (which often largely just consists of rebates for rates and service charges).

The Johannesburg 2030 economic growth strategy contains the following elements:

- Creation of an environment conducive to economic growth through combating crime and developing a suitable skills base;
- Increasing the efficiency of investment through urban restructuring (especially the establishment of an urban edge); public transport (the Gautrain); and, maintaining and upgrading utilities and telecommunications infrastructure;
- Launching catalytic 'flagship projects' to accelerate growth.

In addition, the Gauteng provincial government's Blue IQ strategy ('the plan for a smart province') also has an impact on urban development in Johannesburg. The aim of the strategy is to attract foreign direct investment in 'mega-projects' in high value-added manufacturing, tourism and 'smart industries'.

eThekweni Municipality's economic development plan (eThekweni, 2003) focuses on:

- Boosting export-focused manufacturing investment through working in partnership with business; marketing the city for investment; and the upgrading of port facilities;
- Capturing higher value tourism market segments, which includes improved marketing and upgrading coastal resorts;
- Maximizing the attractiveness of the local business environment via regeneration of business nodes; speeding up development approval processes; and nurturing a 'business-friendly' climate.

In addition, eThekweni Municipality was responsible for one of the most notable flagship projects implemented in South Africa, Durban's International Convention Centre,

completed in 1997 with municipal funds, and which eThekweni Municipality planned to spend a further R280 million on between 2003 and 2006.

In a similar vein, the 2002/2003 Cape Town IDP stated that 'job creation efforts to alleviate poverty will focus on tourism marketing, major events and the development of the Cape Town International Convention Centre' (City of Cape Town, 2002: 13).

The impact of these strategies to date has been mixed. The main problem with 'marketing and investment promotion initiatives to date is that their focus on large investor interests has been associated with forms of economic growth that are not creating a great deal of employment; the jobs that are created tend to be small in number and highly skilled' (Hindson, 2003). The Department of Provincial and Local Government is even more critical, describing investment promotion initiatives as 'smokestack chasing':

*The effect is often a race-to-the-bottom, with municipalities bending over backwards to out-compete each other via extending generous incentives to elusive corporate investors. Place marketing often reduces economic development strategies to mere lobbying for government development projects and funding programmes; hosting of special events; providing (often unaffordable) tax and financial incentives; and, skewing social objectives when investors make unreasonable demands upon municipal government (DPLG, 2002: 9-10).*

### *Safety and security*

Safety and security strategies have assumed almost identical forms in all three cities, i.e. municipal police forces, CCTV cameras in CBDs (and also in the townships of Mitchells Plain and Khayelitsha in the case of Cape Town), and 'zero tolerance' approaches.

Johannesburg and Cape Town now have newly-formed metropolitan police departments (Durban, uniquely among South African municipalities, had a municipal police force since

the nineteenth century). These initiatives have been extremely expensive. Cape Town's 800 police officer force costs about R300 million per year. This constitutes a significant drain on limited municipal finances and contributed to financial crises which threatened the performance of other crucial functions (*Cape Times*, 1 August 2003).

### *Urban renewal*

The renewal of decaying areas is an important component of all three cities' strategies. The revitalisation of CBDs has focused on partnerships with business, institutionally operationalised via Business Improvement Districts. Renewal and security initiatives often blend into each other. Over and above CCTV surveillance and municipal police force deployment (complemented by private security companies), the regulation and control of informal markets and stricter by-law enforcement feature prominently. The Presidential Urban Renewal Programme focuses on integrated interventions in specific township areas away from CBDs, namely Alexandra in Johannesburg, Mitchells Plain-Khayelitsha in Cape Town and Inanda-Ntuzuma-KwaMashu (INK) in Durban. The 2010 soccer World Cup is increasingly playing a role in driving urban renewal processes, for example, the 'renewal' of the Greater Ellis Park Sports Precinct (the area around two major stadiums) and the recent evictions in the Johannesburg inner city.

### *Housing*

The programmes for provision of housing and residential infrastructure are largely set at a national level (the Housing Subsidy Scheme and Municipal Infrastructure Grant), but since 2001, municipalities are responsible for playing the lead role in housing delivery and are required to formulate housing development plans. The key elements of the three cities' housing strategies include:

- Large scale integrated development programmes in strategic locations, such as the Alexandra Renewal Project in Johannesburg, the N2 Gateway Project in Cape Town and the Cato Manor Development Project in Durban.
- Upgrading of informal settlements (the National Department of Housing's 'Breaking New Ground' Policy, unveiled in September 2004, focuses on informal settlement upgrading, but all three municipalities had already started their own informal settlement upgrading processes prior to this);
- Provision of social housing (housing with forms of tenure other than individual ownership, for example, rental) by housing companies set up by local authorities, for example, the Johannesburg Social Housing Company; most social housing projects take the form of medium density housing in well-located areas and is generally aimed at lower middle-income people (for example, only 30% of the flats in the Brickfields social housing project in the Johannesburg inner city are targeted at households with incomes of less than R3500 per month).

The problems with subsidised housing delivery over the past decade are widely known. Apart from the fact that housing delivery has not been sufficient to decrease housing backlogs in any of the three cities, there have been serious problems with the nature of the housing provided. The *State of Human Settlements* (1999) report, prepared for the Department of Housing, criticises the quality of new housing projects: 'many of the new neighbourhoods that are being established remain predominantly mono-use residential areas similar to the dormitory townships of the past' (CSIR, 1999: 70). A study of housing projects in urban areas commissioned by the Department of Housing found that the location of new housing projects is a major problem: 'the cost of transport, particularly to places of work as well as schools, is cited as a heavy financial burden' (Zack & Charlton, 2003: 28).

In some cases, high rates and service charges have placed added financial burdens on poor households, resulting in and contributing to the sale of subsidised houses and relocation of residents to more affordable shelter within informal settlements: 'Many beneficiaries say they cannot afford monthly service payments and the cost of ongoing home repairs. Some even report that people are leaving their subsidised houses because living in them is too expensive' (Zack and Charlton, 2003: 41). The net result is that many new housing projects seem to be unsustainable in the long term: 'while many beneficiaries indicate that they will stay in their settlements, many are unclear about whether there is a future for their children in the area, citing a lack of recreation, and – above all – job prospects as major negative factors' (Zack & Charlton, 2003: 21).

As a result of these problems caused by the relocation of people to new housing projects on the urban periphery, there is increasing emphasis on informal settlement upgrading in all three cities. Case studies of informal settlement upgrading in South Africa have shown the 'advantages of accommodating people where they have chosen to live, where they have built up social networks, and where the opportunities for accessing the benefits of the city are often superior to those in distant locations' (Department of Housing, 2002: 100).

There is now a national target to 'eradicate' informal settlements by 2014. As part of this process, there is typically a 'zero tolerance' approach to illegal land invasions. For example, a Rapid Response Unit was formed within the Johannesburg Metropolitan Police Department to 'crack down on land invaders'.

### *Spatial planning*

Urban plans introduced post-1994 contain a number of objectives, most notably compaction and spatial integration, aimed at improving urban efficiency and securing greater equity in access to urban opportunities. Key tools of Spatial Development Frameworks have typically included setting 'urban edges' to contain urban sprawl and promoting the densification of 'activity corridors' along major public transport routes. There is now a widespread consensus about the ineffectiveness of spatial planning in reshaping the apartheid city. This is partially because there appears to have been a general decline in the co-ordinating role of spatial planning over the past decade as other line departments, such as housing and transport, are also increasingly required to do their own forward planning, and these plans frequently conflict (Watson, 2003). Spatial frameworks therefore often appear to have had little impact in practice. For example, in Cape Town, investment in the activity corridors defined by the Metropolitan Spatial Development Framework (MSDF), where economic activities are meant to be concentrated along major transport routes, have totalled only R14 billion since the Framework came into effect, compared to investments totalling R26 billion in the area outside the corridors (City of Cape Town, 2003b). The MSDF Review concludes that the Framework did not have any significant effect on the pattern of new investment in Cape Town, as many major investments occurred in off-corridor locations to take advantage of larger parcels of land, and investment which did take place in existing nodes and corridors would probably have gone there anyway (City of Cape Town, 2003b).

### *Institutional restructuring*

The City of Johannesburg has been the most proactive of the three municipalities in restructuring itself and corporatising and privatising service delivery through the Igoli 2002 and Igoli 2010 processes. It now has a flock of 'utilities, agencies and corporatised entities' (UACs), including Johannesburg Water, the Johannesburg Property Company and the Johannesburg Tourism Company, and has established a Shareholder Unit 'with a view to

maximising shareholder value' with regard to these entities (City of Johannesburg, 2004). There are a number of potential concerns arising out of the corporatisation and privatisation of basic services, most notably the reduction in potential for cross-subsidisation of service charges so as to be able to ensure greater access by the poor to affordable services. For example, in the 2004/2005 Johannesburg IDP, one of the objectives of the Johannesburg Property Company, which manages the City of Johannesburg's property, is the introduction of 'new pricing for property services provided to ensure cost recovery on services to the City of Johannesburg and [the] public' (City of Johannesburg, 2004).

### **Section Three: *Realpolitik***

The responses of the three cities to the challenges confronted reveals that there is an increasing divergence between many urban development policy objectives and actual implementation at a city level. In particular, the spatial development principles in Chapter One of the DFA and the poverty alleviation emphasis of the Department of Provincial and Local Government's LED programme are notable for their modest implementation. Some of the reasons for this divergence between the objectives of policies and the practical realities of decision-making (*realpolitik*) are discussed below.

Urban development decision-making occurs at various levels. In the 2002/2003 Cape Town IDP there is a diagram representing three levels of decision-making: strategic decision making is represented as resting with the politicians, and is based on fulfillment of their political mandate, and the other layers of decision making are represented as explicitly falling within the ambit of technocrats, with decisions made for ostensibly 'technical' or 'operational' reasons. Similarly, a Venn diagram drawn up by officials illustrating the main players in city politics in Johannesburg clearly shows the hierarchy of role-players in decision making (Beall *et al*, 2002: 103). Senior local government officials,

councillors on the executive committee and consultants are the most important players. The next level of importance includes trade unions (such as the South African Municipal Workers Union), bulk suppliers and big business. Out on the periphery of involvement in decision-making one finds the ward councillors, civic and ratepayers' associations, and opposition political parties. Urban development decisions, in effect, are thus often made outside of democratic and accountable decision-making processes for 'technical' or 'operational' reasons rather than on the basis of political mandates or participatory democracy.

The most significant perceptions of 'reality' driving decision making seem to revolve around the need to promote economic growth and to restrict expenditure. An important consideration is that the bulk of municipal revenues derives from business and wealthy residents, and satisfying their needs is perceived as vital to sustained economic growth and municipal functioning. In Johannesburg, for example, it was estimated that 83 per cent of the rates income in 1996/1997 emanated from business and advantaged residential areas, compared to only 5 per cent from disadvantaged residential areas (GMJC, 1998, cited in Beall *et al.*, 2002). Similarly, the eThekweni 2004 IDP states that 'in addition to community type expenditure the focus should also be on business-related expenditure to stimulate the regeneration of the Central Business District, South Durban Basin and Beachfront, which collectively account for approximately 75% of all rates' (eThekweni Municipality, 2004: 19). The city manager of eThekweni Municipality has been quoted as saying that '...any city would be crazy not have a commercial imperative (in disposing of land) because you want to broaden the rates base. My job is to maximize revenue' (*This Day*, 20 October 2003). The net result of decision-making driven by increased emphasis on economic growth and the financial pressures faced by municipalities has been that 'with the demise of apartheid, State policy has been a much less vital component in South African urban policy and market forces have become more influential... market forces are

increasingly the dominant force behind urban processes' (Gilbert & Crankshaw, 1999: 2376).

As a result, many civil society stakeholders view the perceived shortcomings of the State with regards to urban development as a lack of political will rather than a lack of sufficient resources or appropriate policies. One informant said that 'Deep political questions are at the heart of the problem. Tinkering at the edges won't really help.... It's not enough to say that there is not enough consultation, or a lack of capacity to deliver. It's fundamentally about in whose interests and on whose terms does development occur... I don't think it's about presenting rational arguments. We have presented alternatives to various government departments and haven't had any success. The whole machinery of government does not have the interests of the poor at heart'.

Although there are vehicles for potentially effective participation in decision-making, such as IDP processes and ward committees, the poor and marginalized are still often unable to make full use of consultation and participation opportunities. Limited opportunities for citizens to influence decision-making, poor or inadequate service provision, and the generally unresponsive nature of the State to the needs and priorities of the poor have led to the formation of increasingly militant social movements in recent years. Examples of this include the Landless People's Movement (LPM), established in 2001, and the Anti-Eviction Campaign (AEC), established in 2000. The LPM, which has been very active in resisting the forced removal of informal settlements in Johannesburg, is of the view that that 'the City of Joburg and other structures of the government are waging war against the poor and landless' (LPM, 2002). The AEC is presently engaged in 'fighting evictions, water cut-offs, poor health services, for free electricity and against police brutality' (AEC, 2003).

Three examples of *realpolitik* in action, at different scales (macro-policy, city strategy and local project), are discussed below. In each case, the achievement of urban development policy objectives has been undermined by decision-making processes.

#### *Macro-policy scale*

It is frequently remarked that the 'deliverables' of the housing programme are not commensurate with the expectations initially placed upon it. The White Paper on Housing (1994) proclaimed a National Housing Goal of spending 5 per cent of all government expenditure on housing and a delivery rate of 350 000 subsidised housing units per year. Housing was positioned as a lead economic sector and accorded a key role in economic growth, job creation, and integrating and restructuring South African cities. In reality, the housing budget has declined to about 1.2 per cent of total government expenditure, the delivery rate hovers below 200 000 housing units per year (less than the estimated annual increase in the housing backlog), and, as discussed above, the quality of the new housing has been greatly criticised. Although lack of capacity has been a real constraint, it is not an insurmountable one. If sufficient resources were made available for developing government and civil society capacity, and for forming partnerships with civil society and the private sector, problems of capacity could be overcome.

There has been much speculation on the reason for why the implementation of housing policy has not lived up to policy objectives. Gilbert (2002) speculates that the design of the housing subsidy scheme was driven by *realpolitik*: a relatively small housing subsidy – unable to provide proper housing on its own and with narrow eligibility criteria – was adopted largely because of fears about the large budget deficit and the need to avoid having to borrow from the International Monetary Fund (IMF) and World Bank.

*Fiscal discipline was essential and the budget deficit had to be cut. Housing subsidies survived because they were a priority of the grassroots and very important to the unions and hence the ANC announced a highly ambitious housing target. But, if 1 million housing subsidies were to be distributed in 5 years, and the budget was not to rise to the 5 per cent for which the housing lobby was arguing, the average cost had to be kept down. The answer found was to limit the budget to 2 per cent of total expenditure and offer a once-off subsidy that would cover at least some of the cost of a new home (Gilbert, 2002: 1924).*

### *City strategy scale*

At a city strategy level, the iGoli 2002 and 2010 restructuring processes of the City of Johannesburg shows how decision-making was driven by the need to be more efficient and be 'more like a business' (in the words of the City Manager of the time). Under the iGoli 2002 restructuring strategy, 50 per cent of the City of Johannesburg's programmes were placed under utilities and agencies, 10 per cent was privatised or corporatised, and only the remaining 40 per cent retained under the core administration (Beall *et al.*, 2002). There was fierce resistance to these proposals from all civil society organisations: 'iGoli is a neo-liberal approach to service delivery based upon financial concerns, not social need; it threatens existing cross-subsidisation to the working class; State-driven investment and service provision is the most efficient way to transform society. Privatisation undermines this process' (summarized in Beall *et al.*, 2002: 101-102).

One of the criticisms centered around the decision-making process was that 'iGoli 2002 is a plan designed to make Johannesburg attractive to business. It was not an inclusive process – there were a handful of officials, high ranking councilors and consultants who drew up the plan. What kind of democracy is being built when citizens are seen as nothing more than 'customers'?' (SAMWU, 1999).

Civil society informants acknowledged the key role that municipalities must play in facilitating urban development, but a number of difficulties were mentioned: poor planning or planning which prioritised the interests of upper income residents and was excessively geared to attracting investment; excessively bureaucratic procedures and/or inflexible or hostile attitudes; an unwillingness to co-operate with other development players (such as NGOs); and a lack of capacity, and even outright corruption.

One informant commented on how the priorities of municipalities sometimes exclude the poor: 'In the case of Johannesburg, the State's vision of the city is to be a leading African city on the continent, part of the African Renaissance, but the regeneration of the city is about what we do to attract investment. The Blue IQ strategy, the Nelson Mandela Bridge, these are the priorities, but the outcome would have been very different if the city was planned according to the needs of those who live and work there.'

#### *Local project scale*

At a local level, decision-making around the location of housing projects shows the effects of *realpolitik*. Despite the commitment of the Housing Act to the spatial restructuring principles in Chapter One of the DFA, locations for new housing projects are largely selected for 'practical' reasons: where land is cheap; where it is possible to secure large pieces of land for mass housing projects (which are perceived to have certain economies of scale over small projects); and where there is least resistance from surrounding ratepayers (the NIMBY syndrome). As is evident, cost reduction outweighs issues of sustainability and meeting the locational needs of the poor. Even when the housing subsidy amount was substantially increased in April 2002, there was provision of only R300 for the cost of land in the subsidy amount. In reality, the actual cost of well located raw land (per plot) for a housing project is considerably more – 10 times as much in some

cases - especially in Cape Town, where land prices are substantially higher than in Johannesburg or Durban. The net result, with a few exceptions, has been that most new housing projects are located in peripheral areas where increased transport costs and lack of livelihood opportunities can be a severe burden on poor households (for example, Gear, 1999). The Cape Town 2004/2005 IDP acknowledges that 'low cost housing continues to be located on cheap land far from economic activity' (City of Cape Town, 2004: 12).

The emphasis on economic growth has also restricted the use of well-located land for housing: 'The turn to neo-liberalism has also elevated economic development over housing. Land that might once have been seen as appropriate for low-cost housing is now not considered for these purposes for fear of undermining economic activities, such as tourism' (Todes, 2003: 116). In practice this has sometimes meant that mass low-income housing projects are kept well away from areas of economic growth – one informant pointed out that large-scale low-income housing projects in an area of rapid economic growth could 'kill the goose that lays the golden egg'.

## **Conclusion**

Great strides have been made with regards to urban development over the past decade. Racially divided, fragmented and unrepresentative local government structures have, to varying degrees, been transformed into integrated and representative municipalities, and the focus on traditional municipal service delivery has been partially transformed into a developmental local government approach where municipalities acknowledge their responsibility to contribute towards economic growth and job creation. Yet the challenges facing South African cities seem to be greater than ever. One of the reasons for this is that, as discussed above, some of the objectives of policy remain largely in the realm of rhetoric due to the demands of *realpolitik*. Another reason is that there are underlying challenges which all three cities face, but their impacts are often not explicitly

acknowledged or, where acknowledged, sufficiently addressed. These challenges include informalisation, social polarisation, and wider economic restructuring associated with globalisation.

In common with other cities in the South, South African cities seem to be experiencing 'informal hypergrowth' - rapidly growing informal settlements and rapid informalisation of the economy (Hall and Pfeiffer, 2000). Two examples will suffice:

- The number of shacks in informal settlements in Cape Town increased from 24 000 in 1993 to 68 000 in 1998 to 100 000 in 2002 (Abbott & Douglas, 1999; City of Cape Town, 2002, cited in WCHC/DAG, 2003). This represents an average increase of 17 per cent per year between 1993 and 2002.
- The number of street traders in Durban grew from about 200 in 1984 to an estimated 20 000 in 1997 (Nesvag, 2002). This represents an average increase of 43 per cent per year.

Simultaneously with rapid informalisation, social polarisation is also increasing as the gap between those formally employed in the high growth sectors of the economy and the growing numbers of people excluded from the formal economy widens. Even amongst formally employed people, polarisation is increasing, partially due to the service sector being the fastest growing economic sector, and jobs in this sector tending to be either highly skilled, professional jobs or unskilled jobs. And, finally, globalisation, in the guise of the policies of the World Trade Organisation (WTO), is resulting in the dismantling of trade barriers and the opening up of urban economies to trans-national corporations. The impact has included job losses in vulnerable economic sectors, such as the clothing industry in Cape Town, and the growing involvement of trans-national corporations in municipal service delivery of basic services such as water, with all the potentially negative consequences that this entails.

Over and above these overwhelming challenges, the impact of the response has been hindered by a lack of policy coherence in almost all arenas of urban development. Two examples are:

- 'Growth and poverty alleviation initiatives are being undertaken by different actors often working apart from each other with different aims and sets of resources, and this has led to policy and action pulling in different directions at the local level, leading to wastage of resources and loss of opportunities for synergistic actions' (Hindson, 2003).
- 'Public institutional fragmentation and lack of integration, both between spheres and line-function departments [has resulted] in policies which directly counter each other in terms of their impact on urban structure and form; and which result in competing and unco-ordinated development programmes' (City of Cape Town, 2003b).

South African urban development policies and strategies need to be reshaped into a coherent framework that seeks to restructure apartheid spatial patterns and promote social and economic development while responding to the problems of informal hypergrowth, increased social polarisation and the negative impacts of globalisation. Key principles that are needed to address these problems include greater integration and coherence towards dealing with poverty and inequality, and the promotion of participatory democracy. In order to achieve a more integrated and coherent approach to urban development, especially to the challenges of poverty and inequality, there needs to be greater co-ordination and policy alignment between different sectors and different spheres of government and more emphasis on partnerships between government and civil society organisations.

Participatory democracy is particularly important in being able to ensure that the needs of the poor and vulnerable can be met. Democratic participation by the poor and vulnerable at all levels of decision-making, especially in participatory budgeting processes, is

therefore essential, and the necessary support programmes to ensure the success of these participatory processes need to be put in place. Only then, maybe, will decision-making in cities begin to be able to contribute towards the implementation of the noble aims and objectives of South Africa's urban development policies.

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